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ABSTRACT

This report summarizes the preliminary results of Phase II of an evaluation of the Local Initiatives Support Corporation (LISC), a national nonprofit lending and grantmaking institution founded in 1980 to draw private sector financial and technical resources into the development of deteriorated communities and neighborhoods. In this second phase of the evaluation, expansion of the field work to new areas of concentration permitted both validation of the Phase I findings about projects and organizations, and the development of preliminary insights about community impacts. The study relied heavily on data obtained from personal interviews. The report is divided into the following sections: (1) introduction and description of LISC; (2) outcomes of LISC-supported projects; (3) description of how assisted groups have enhanced their organizational capacity; (4) discussion of effects of LISC on the communities in which it works; and (5) an appendix listing all organizations and projects included in the evaluation. (PS)

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Discussion Paper D86-1

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The State, Local, and Intergovernmental Center, John F. Kennedy School of Government, Harvard University, December 1985.

The findings and conclusions of this report are not subject to detailed review and do not necessarily reflect the official views or policy of the State, Local, and Intergovernmental Center.

THE LISC EVALUATION TEAM

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CHAPTER I

INTRODUCTION

The Local Initiatives Support Corporation (LISC) is a national nonprofit lending and grantmaking institution founded in 1980 to draw private sector financial and technical resources into the development of deteriorated communities and neighborhoods. It invests these resources in projects of new construction and rehabilitation in housing, business and industry that are being developed by community-based nonprofit organizations. It packages its support to bring local banks and other private sector lenders into each investment, ensuring that its own funds amount to a small proportion, currently about ten percent, of total project costs contributed from all sources.

LISC aims through such investments to help community development organizations improve local physical and economic conditions while also increasing their assets and incomes and strengthening their management and financial capabilities.

LISC operates through a nationwide network of twenty-six local Areas of Concentration, which raise their own funds from local corporations and foundations and receive matching amounts from LISC's general capital fund, made up of contributions from major national corporate and foundation donors. As of fall 1984, LISC had received contributions from 262 private corporations and foundations and three federal agencies; its total capital resources exceeded $70 million. Representatives of the local donors sit on Advisory Committees in each Area and work with a LISC Program Officer to select projects and organizations for investment subject to final approval by LISC's national Board of Directors.

Since June 1983 a team of researchers at the State, Local, and Intergovernmental Center has been conducting an evaluation of the Local Initiatives Support Corporation (LISC), on behalf of LISC's board of directors. Phase I of the project--involving field research in Boston, California, Chicago, and the South Bronx--concluded with a report in September 1984. This document summarizes the preliminary results of Phase II, which has involved an expansion of the research to three new sites--Cleveland,

Indianapolis, and Philadelphia--and follow-up field work in the four original sites.

The principal tasks of this evaluation are identified in Table I-1, along with information about progress made during the first two phases of the research. During Phase I, the study team developed an analytic framework for understanding LISC's role, the nature of its products, and its intended effects. The team also developed methods for investigating the progress and impacts of LISC-sponsored projects and the organizational development of assisted community groups. The Phase I report presented preliminary findings of this research.[1] During Phase II, the study team has validated its methods of studying "project" and "organizational" effects and explored ways of investigating "community" effects, i.e., the impacts of LISC activities both on the neighborhoods in which assisted groups work and on the network of public and private institutions that promote community development in LISC's areas of concentration. Return visits to the original sites have confirmed that the effects described in Phase I have persisted over time. Expansion of the field work to new areas of concentration has permitted both validation of the Phase I findings about projects and organizations and the development of preliminary insights about community impacts.

A final evaluation report will be submitted to LISC at the end of May 1986. That report--designed to inform a more general audience about LISC's activities--will build on the current analysis, providing a much wider spectrum of descriptive examples from the field work. It will also treat several issues on which the evaluation team is still conducting analysis.

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[1]Vidal, Avis. C. et al., "The Local Initiatives Support Corporation: Preliminary Findings of an Evaluation in Progress." Discussion Paper D85-1. Cambridge, MA: State, Local and Intergovernmental Center, Harvard University, 1985.

TABLE I-1

PROGRESS OF THE EVALUATION

Tasks	Phase I	Phase II
Establish Framework for Evaluation		
Understanding LISC's Role	Completed	--
LISC's Products and Effects	Completed	--
Methodology		
Project Effects	Developed	Validated
Organization Effects	Developed	Extended & Validated
Community Effects		
Economic Multipliers	--	Developed
Community Political/ Institutional Development	--	Developed
Findings		
Project Effects	Preliminary	Confirmed
Organization Effects	Preliminary	Confirmed
Community Effects		
Economic Multipliers	--	Preliminary
Community Political/ Institutional Development	--	Preliminary

SCOPE AND METHODS OF THE EVALUATION RESEARCH

The heart of the evaluation effort has been extensive field investigations in the seven LISC areas of concentration identified above. Table I-2 summarizes the extent of this field work, which has included study of 34 individual community organizations, 72 of their LISC-assisted projects, and 113 separate LISC program actions.

The areas of concentration included in the study were selected because they were among LISC's largest and longest running programs. In each area, about five community organizations were chosen for intensive analysis. These organizations were selected with several criteria in mind: (1) as a group, they covered the wide spectrum of project types that LISC has undertaken; (2) they sampled extensively the "mainstream" of LISC activity, particularly housing rehabilitation and development, commercial real estate development, and economic development; (3) they captured the range of LISC policy instruments, such as grants, recoverable grants, loans, and technical assistance; (4) they had generally received substantial dollar commitments from LISC; (5) relative to others in the area of concentration, they had had long experience with LISC. These criteria assured that the sample would provide a broad sense of LISC's activities and permit the evaluation team to identify, as well as possible, longer-term effects of LISC assistance. One systematic omission that resulted from these criteria is that the evaluation does not look extensively at LISC's small, project development grants.

The study relies heavily on data obtained from over 320 personal interviews. These include 165 interviews with staff, board members, and other individuals knowledgeable about the community organizations in the evaluation sample. The evaluation team has also closely questioned LISC program officers, members of LISC's Local Advisory Committees in each area of concentration, and a variety of people active in each area's "community development community."

TABLE I-2

SUMMARY OF EVALUATION DATA COLLECTION

	Phase I	Phase II	Total
Sites	4	7	7
Community Groups Sampled	19	34	34
Projects Analyzed	33	72	72
Program Actions	46	113	113
Interviews with Representatives of Community Groups	52	113	165
Interviews with Local Advisory Committee Members and LISC Program Officers	37	57	94
Interviews with Representatives of the Community Development Community -- State or Local Officials, Foundation Representatives, Bankers	33	80	113
Professional Person-Days in the Field			
Boston	35	21	56
California	25	14	39
Chicago	25	15	40
Cleveland	--	21	21
Indianapolis	--	12	12
Philadelphia	--	25	25
South Bronx	25	18	43
Total	110	126	236

Other data collection includes follow-up phone calls and collection and review of relevant documents including Program Officer files, Community Organization files and financial statements, and Local Advisory Committee files.

In addition to these interviews, the evaluation team has made substantial use of documentary evidence (such as requests for program actions, memoranda, newspaper clippings, and financial statements) contained in LISC's own files and those of the community groups.

The Theory Underlying LISC

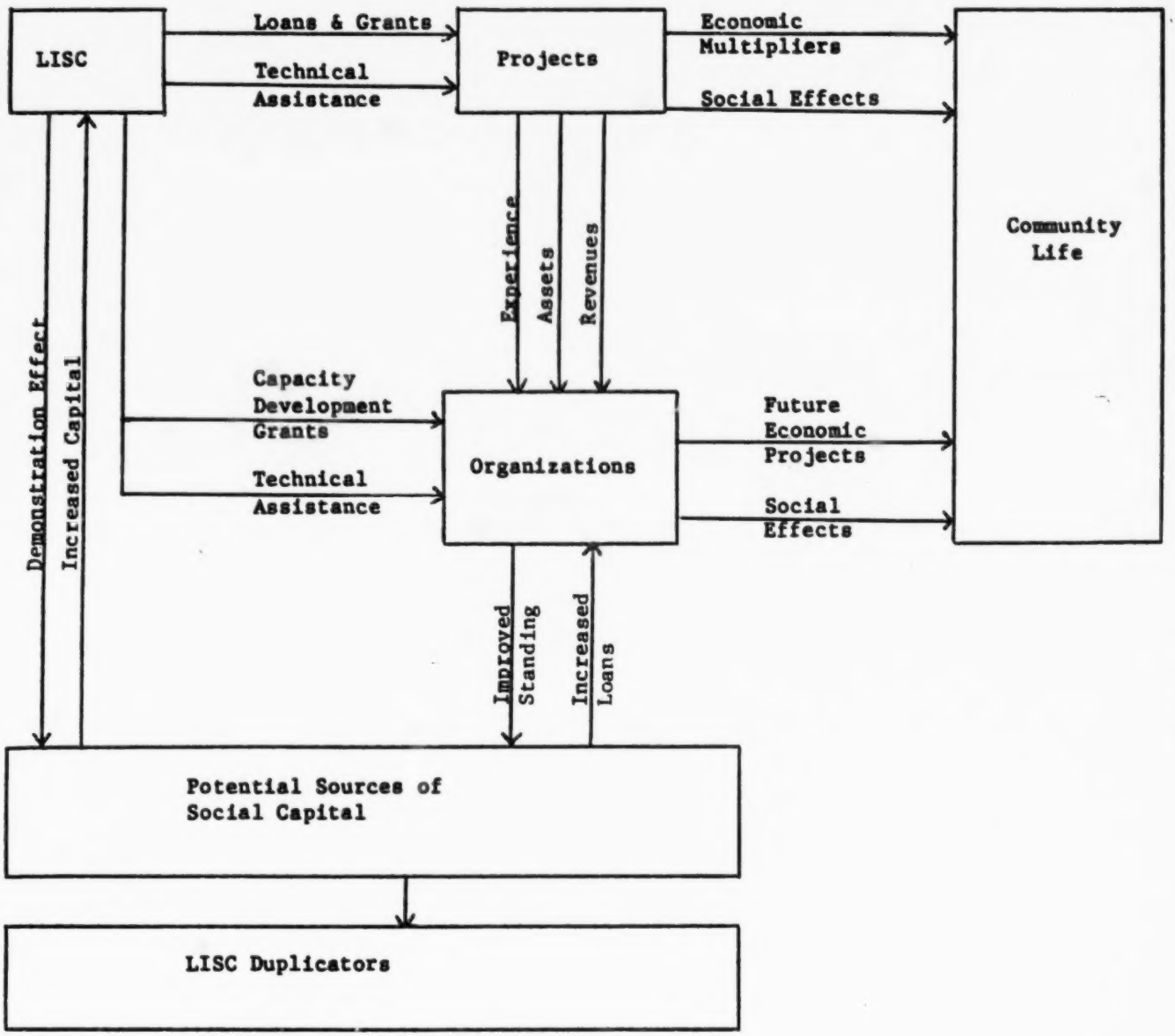
The theory underlying LISC's work has four components. First, LISC assumes that there is an important social problem to be solved, or at least ameliorated: the fact that significant portions of the nation's cities, occupied by relatively poor and disadvantaged citizens, have lost their economic vitality or are about to be overwhelmed by a process of development that may enhance the economic vitality of the neighborhoods, but will dispossess the current residents and shatter their sense of community in the process. This is taken as an economic problem for residents in that it means jobs are hard to find, goods and services difficult to locate, and wealth difficult to accumulate. But it is also a social problem since there is nothing in the neighborhood environment that could inspire hope, create self-respect, or provide solid reasons for making investments in future capabilities. The decay of the spirit goes along with the economic decay and disenfranchisement of the poor or hard-pressed communities.

Second, a basic tenet of LISC's operations is that combinations of loans and grants to community-based economic enterprises can substantially strengthen neighborhoods that are now weak. This general effect is produced through several important causal mechanisms schematically illustrated in Figure I-1.

The simplest and most direct effect of LISC's operations is to put money in the community for housing construction, housing rehabilitation, and other businesses. These have immediate, tangible value to the community. This set of effects might be described as the "project effects" of LISC's activities. These effects set off a causal chain of economic transactions in which LISC's investments produce important multiplier effects on the local economy. This line of causation from LISC support for discrete economic projects to successful projects, and then to multiplier effects

FIGURE I-1

A SCHEMATIC VIEW OF LISC'S STRATEGY



strengthening the local economy, is the traditional theory of local economic development.

But there is another causal link that LISC is interested in exploiting. That is the effect of individual projects on the creation of active, durable, and flexible community development organizations. The idea is that community organizations learn from experience. Confronted by LISC's demands for accountability, their capacities for financial management will mature. Carried into new economic enterprises by LISC loans, their revenues may be increased, their balance sheets improved, and their flexibility and survivability enhanced.

The creation of stronger community groups is an important objective because these organizations will have a continuing capacity to carry out projects of the type LISC originally supported. Moreover, the existence of a durable community organization is, in itself, a valuable asset for a neighborhood. It provides a social anchor for the community, a device for training community residents in running businesses, and a route of upward mobility for individual neighborhood residents. In effect, LISC hopes to use loans, grants, and self-sustaining economic enterprises to help community development organizations make the transition to community institutions. This set of effects might be called the "organization effects" of LISC's operations.

LISC believes that the combined effects of the economic enterprises it supports and the community institutions it helps to create will ultimately produce economically and socially strong communities. Strong communities will be able to attract funds from sources other than LISC. Collectively, these economic and social changes are the "community effects" of LISC's activities.

Third, LISC pursues the social objective of reducing economic and social inequalities by targeting economic development on particular parts of the social environment--poor communities whose economic and social aspirations can be translated into successful economic activity. In effect, LISC's method, unlike many other policies designed to achieve the

same end, stands for the idea that greater economic and social equality need not come at the expense of economic development; they can be pursued simultaneously by targeting economic growth. In this way, society as a whole will be strengthened.

Fourth, LISC hopes that if this machinery can be made to work for many of the communities in which it is now operating, then the operation could be extended. This extension could be produced by a simple expansion of LISC's own operations, or by the appearance of LISC emulators operating in cities or neighborhoods where LISC is not present. Similarly, the funds for such extension could come from two different sources. One source would be traditional public and private philanthropies that decide to channel funds from their current activities to LISC or LISC-type operations. A second source would be the attraction of wholly new funds into the domain of social investment. In effect, LISC might prove to be so attractive and successful that the total supply of "social capital" would increase. The loss here would be the opportunity cost of that capital in private investment.

Conceptions of LISC

LISC is a new concept in neighborhood revitalization, but exactly how that concept should be characterized is a difficult issue. In the Phase I report, the evaluation team suggested three "images" of LISC--social banker, hard-nosed philanthropist, and social experiment--that illuminate different aspects of its approach to community development and suggest criteria for evaluating its effectiveness.

The first two of these images can be understood best by considering how a paradigmatic "banker," on one hand, and "philanthropist," on the other, would assess a neighborhood revitalization project proposed by a community group. Several criteria would be relevant: the type of returns valued, who would receive the returns, and how risk would be measured. In this conception, the banker would be concerned with the financial returns alone, social returns being irrelevant; he would be concerned first with returns to the grant giver or lender and only then--if at all--to the neighborhood group, and he would weigh the financial risks of the project exclusively.

In contrast, the philanthropist would value social returns without concern for financial returns; he would be concerned with returns accruing to the grantee and the public before his own institution, and he would weigh the social risks of the project, not its financial uncertainties.

LISC stands between these two poles. As a "social banker," it worries about the social returns on its investments, not only the financial returns. It is eager for the assisted organization and the public to receive these returns, not just itself. And it cares about the social risks of a project as well as about the financial risks. Viewed from the other side as a "hard-nosed philanthropist," LISC insists that projects be financially sound and produce economic returns. It hopes to get some of this return for itself, not to have all accrue to the group, so that its funds can be recycled to other groups. And therefore it is concerned with financial risks, not just social risks.

The third image is LISC as a "social experiment." LISC is an experiment in at least two significant ways. First, it is testing a "technology" to promote economic and social change by using community-based development organizations as the instrument of change. Second, its program provides a novel opportunity for the business and philanthropic communities, on one hand, and neighborhood groups, on the other, to challenge each other. By providing funds for projects, businessmen and philanthropists challenge community organizations to successfully complete projects for the benefit of their fellow neighborhood residents; and the community groups challenge business and philanthropic institutions to provide the financial means that will enable them to remake their neighborhoods.

These three images of LISC do more than illuminate the ways in which it is a distinctive institution. They also suggest research questions that can be incorporated in an evaluation of LISC. The skeptical (and still paradigmatic) banker, regarding LISC's portfolio of investments, asks, "What social benefits result from your projects and what are they really worth? If you reduced the amount of social risk you take, couldn't you increase the financial return to your programs?" In contrast, the skeptical (and equally paradigmatic) philanthropist, regarding the same invesments, asks, "What financial benefits result from your projects and who

gets them? If you took more financial risk, could you increase the amount of social benefits that your investments produce? Finally, the critic of the social experiment asks, "Does the LISC 'technology' actually make a difference—does it work? Does the reciprocal challenge inherent in LISC's design promote social change?"

The Report

In the pages that follow, we shall explore some of these questions, drawing on evidence gathered in the evaluation research. Chapter II reports on the outcomes of LISC-supported projects, how these vary across different types of projects. It also examines the sources of "social" and financial risk in these projects, including the financial risk to LISC. Chapter III describes how the assisted groups have enhanced their organizational capacity—expanding their repertoire of programs, increasing the size and scale of their staffs, and improving their financial standing.

Chapter IV explores two dimensions of LISC's effects on the communities in which it works. The first illustrates the pros and cons of two approaches to assessing the impact of LISC projects on their surrounding neighborhoods. The final section discusses the impact LISC has had on the broader network of institutions that support community development.

CHAPTER II

PROJECT EFFECTS

The effectiveness of LISC's strategy for promoting community revitalization hinges on enhancing the ability of community-based groups to devise and carry out activities that will promote the development of their neighborhoods, to arrange appropriate financial support for those activities, and to meet in a timely and businesslike fashion the financial obligations incurred as these projects are executed. Indeed, when LISC began, demonstrating the viability of this "technology" for neighborhood development was the most visible and controversial part of LISC's social experiment. The evaluation finds that LISC has been remarkably successful in developing this new technology.

Direct Results of LISC'S Investments

At the conclusion of the evaluation fieldwork (mid-1985), LISC had committed a total of $7,198,194 to the 34 community-based organizations included in the study. (Of the 72 projects funded, six had not begun to make use of LISC's support; funds had been committed but not disbursed. These six projects are excluded from the analysis of project effects.) Returns on these investments included extensive physical improvements in low-income neighborhoods (see Table II-1). Most visible of these improvements was the construction of 405 new housing units and the rehabilitation of an additional 760 dwellings. Over 350,000 sq. ft. of commercial and industrial space was developed. Less visible additions to the neighborhoods' resources were the 17 ventures that received LISC support; these included both for-profit and non-profit enterprises, most of which were newly established. Eleven of these enterprises are currently self-supporting. Eighty-three percent of LISC's investments in the neighborhoods studied supported one of these three types of improvements. The remaining investments were extremely varied; they included backing for real estate projects in planning or under construction, management development, and neighborhood improvement projects such as arson and crime prevention programs. A complete list of LISC's commitments to organizations in the evaluation is included in Appendix A.

TABLE II-1

OUTPUT OF PROJECTS INCLUDED IN THE EVALUATION

Output	Quantity	LISC Support Level	Percentage of LISC's Total Commitments[a]
Housing			
New	405 units	$1,489,725	20.7%
Rehabilitated	789 units	$2,016,416	28.0
Commercial/Industrial Space			
New	30,000 sq ft	$349,387	4.9
Rehabilitated	332,000 sq ft	$688,989	9.6
Profit & Non-Profit Ventures	18	$1,539,600	21.4
Other[b]	—	$1,114,077	15.6
Total	—	$7,198,194	100.0%

a. Includes only commitments to the 34 organizations in the evaluation.
b. Includes real estate development projects in planning or under construction, management development activities, and special projects.

Types of Projects

LISC invests in three types of projects. All three have the potential to strengthen their community sponsors and to contribute to the production of social value in the community. They are not, however, equally difficult for community sponsors to execute successfully, and they differ markedly in the frequency with which they generate financial returns to sponsoring community groups.

The core of LISC's program actions support activities designed to produce outputs to meet an assured demand. Examples of this product type include low-income housing (which is always in demand because it is subsidized), pre-leased commercial space (which is effectively sold before it is built), and ventures with a captive market (such as a housing management firm established by a development entity that already owns a substantial number of units). These projects are the most likely to be completed as planned and to generate financial returns; returns accrue if the community sponsor can successfully produce the product. Demand for the product is sufficiently strong that marketing is unnecessary. These projects account for slightly less than half of the financial commitments made to organizations in the evaluation (see Table II-2).

Projects that produce to meet a speculative demand are the riskiest type for community groups. They entail production of a good or service that is sold in a market where demand is uncertain and must be explicitly cultivated. Successful production of the product does not ensure a successful project. To continue producing the product and to generate financial returns to itself and to LISC, the group must also produce efficiently and must take direct action to overcome the limited purchasing power of the residents and businesses in its neighborhood. Small business start-ups, speculative commercial real estate, and market rate housing in low-income neighborhoods are examples of these projects. A little under half of the LISC resources committed to projects in the evaluation produce for speculative demand.

TABLE II-2

DISTRIBUTION OF LISC'S FINANCIAL COMMITMENTS,[a] BY TYPE OF PROJECT

(Dollars in 000's)

Project Type	Loans	Grants	Recoverable Grants	Credit	Total	Percentages	Number of Projects
Assured Demand							
Real Estate	$2,220	$245	$66	$410	$2,941	40.9%	19
Non-Real Estate	335	126	0	0	461	6.4	4
Speculative Demand							
Real Estate	1,639	274	154	0	2,067	28.7	15
Non-Real Estate	167	458	459	280	1,364	19.0	19
Non-Marketed[b]	0	344	20	0	364	5.0	9
Total	$4,361	$1,447	$699	$690	$7,197	--	66
Percentage	60.6%	20.1%	9.7%	9.6%	--	--	--

a. This excludes LISC commitments that assisted groups have not yet begun to use.
b. Includes five management development "projects".

The distinctions between these two types of demand are not always clear-cut; products are more or less marketable, and the level of demand for them may be more or less secure. One contribution LISC can make to projects is to focus attention on possibilities that increase the strength of demand, e.g., pre-leasing of commercial office and retail space, or lining up of prospective clients for new housing management companies.

Some LISC-assisted projects produce a socially valued product that is not marketed. Like assured demand projects, these activities are considered successful if the desired output is produced. Financial management systems, business plans, and fire and arson prevention programs are examples of such products.

Financial Deals Supporting LISC Projects

The financial arrangements that support LISC-assisted projects are typically small, but quite complex. Of the 31 real estate development projects that have proceeded far enough to have an actual or projected total cost, slightly more than half have a total cost of less than one million dollars. The largest project, Lexington Village in Cleveland, is expected to cost only $13.5 million. Despite their small size, these deals are very complicated. On average, they involve five financial participants (in addition to the community sponsor); two projects have eleven financial participants each. When one considers the fact that numerous prospects must usually be contacted before a firm lender or donor is lined up, it is clear that the community sponsors of these projects (as well as their supporters and co-venturers) incur substantial non-monetary transaction costs in bringing these deals to closing. LISC's costs in these negotiations--principally the time and energy of the program officers--are part of its contribution to strengthening community development. In lesser degree, the same can be said of the time and energy expended by other public and private participants in the transactions. For the community groups, however, these costs are a real and integral part of assembling and executing a project. In most groups, the staff is small enough that these negotiations must be conducted personally by the executive director, perhaps assisted by another senior staff member. The opportunity cost of this very scarce management resource is high--and much of it is a direct project cost.

The evaluation team has not reviewed proposed project budgets in enough detail to determine the frequency and extent to which these costs are included. It is quite clear, however, that most assisted organizations believe that LISC will not allow these costs, and numerous Local Advisory Committee members echo this belief. While providing general core support is clearly not part of LISC's agenda, supporting competent project design and management is fully consistent with that agenda. At a minimum, LISC's policies with respect to including these costs as legitimate project expenses should be clarified.

Returns on LISC'S Community Investments

LISC's investments involve several kinds of risk. For example,

- The community sponsor may not have the organizational capacity to produce the expected physical product.
- The project may not generate the expected financial returns for the assisted group.
- LISC may not be repaid as anticipated.
- One or more of the desired indirect effects of projects on organizations, neighborhoods, and the broader community may not occur.

Different types of projects run and overcome these risks in varying degrees.

The evaluation team has made a judgment about the success with which the community sponsor of each of the projects studied has overcome these risks and generated the returns expected of it. Success is assessed with respect to each of the first three dimensions of risk--producing the expected product, generating the expected financial returns to the group, and generating the expected financial returns to LISC. Each project is classified as a success, a qualified success, or not a success (see Table II-3). Success is judged relative to LISC's expectations and objectives. Projects whose outcomes are still indeterminate are excluded from this portion of the analysis.

Table II-3

PROJECT PERFORMANCE ON THREE LISC OBJECTIVES

	Type of Demand					
	Assured		Speculative		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Degree of Success						
Production of Expected Output						
Success	19	86%	13	43%	32	62%
Qualified Success	3	14	7	23	10	19
Not a Success	0	0	10	33	10	19
Expected Financial Returns to Sponsor						
Success	16	76%	6	23%	22	47%
Qualified Success	4	19	7	27	11	24
Not a Success	1	5	13	50	14	30
Expected Financial Return to LISC						
Success	17	94%	16[a]	84%	33	89%
Qualified Success	1	6	1	5	2	5
Not a Success	0	0	2	11	2	5

a. Includes recoverable grants that have not been recovered because funded projects have not produced enough revenue to trigger repayment.

In four out of every five cases considered, community sponsors were able to produce either the outcome expected of them (a "success") or something reasonably close to it (a "qualified success"). However, the contrast between projects facing an assured demand and those facing speculative demand is striking: 86 percent of projects with an assured demand have been carried out successfully, and the remaining 14 percent are qualified successes. On the other hand, only 43 percent of speculative demand projects have so far been successful, and another 23 percent have been qualified successes. All of the projects in which the expected product has not been successfully produced were projects confronted by speculative demand.

A similar pattern exists in the frequency with which community groups with LISC support have received the expected level of financial returns from their projects. ("Success" has been assessed here only for those projects expected to produce financial returns, including both those expected to produce "profits" and those merely expected to be self-supporting.) Three-quarters of assured demand projects, but fewer than one-quarter of speculative demand projects, have produced financial returns roughly comparable to those anticipated when the projects were begun. Half of all projects facing speculative demand failed to meet this financial objective. Overall, seven out of every ten LISC-assisted projects intended to generate financial returns for their community sponsors have produced at least some such returns, and almost half have produced about the level of returns expected.

A second factor contributing to the likelihood of project success is the character of the sponsoring organization's previous experience. If a group has already done one or more projects of the type LISC is funding, the odds are high that the group will be able to produce the expected outputs. If the project is moving an organization into a new "business," e.g., from low-income to mixed-income housing or from housing development to rehabilitation of commercial property, the risk that the group will not produce the expected outputs goes up.

Moving groups into new lines of activity is risky primarily because it requires organizations to face new challenges, develop new skills, adopt more businesslike procedures, and perhaps even change their organizational structure. Assisted organizations vary in their willingness and commitment to make these changes. Although evidence is limited, it appears that project success is also threatened to the extent that community groups do not share LISC's goals regarding organizational change.

Twenty-two of the projects studied were carried out by groups that had a track record with similar types of projects. In 86 percent of these cases, the sponsor was successful in producing the expected product. The remaining three projects were qualified successes. Three-quarters of these projects yielded financial returns to the community sponsors at about the level expected; all but one produced at least some financial returns for the group.

Projects that moved organizations into new activities were much riskier, both in physical and financial terms. One-quarter of these projects did not produce the anticipated product and almost half have never reached the state of producing revenues for the sponsor.

Unfortunately, the relative importance of these two influences on project riskiness--product demand and organizational experience--is unclear. Community-based organizations have, by and large, gotten their start as development organizations by working first on the most "do-able" projects. These have almost always been projects with an assured demand, especially subsidized housing. Over time, successful groups may have undertaken larger, more complex activities. Nevertheless, in most cities, most groups with which LISC might work have established their track record doing assured demand projects. To the extent that LISC is successful in helping these groups stretch their abilities, it often moves them simultaneously into new types of activities and into projects for which the market demand is less certain.

The inherent riskiness of undertaking speculative projects and new kinds of work does <u>not</u> imply that LISC should avoid projects of this sort.

Moving community-based groups into new and more ambitious community development activities is an integral part of LISC's neighborhood revitalization technology and is therefore central to its mission. Understanding the sources of project riskiness can help LISC identify projects that may need special financial or technical support because of their difficulty. It can also help LISC structure a portfolio of community investments that carries the level of risk it desires.

LISC'S Financial Risks

Part of LISC's financial interest lies in being able to achieve a predictable level of financial returns, i.e., to control the rate at which its stock of resources is depleted because it is willing to forego financial returns to itself in favor of financial, economic, or social returns to communities and community groups. Predictable returns give comfort to LISC'S donors, greatly simplify LISC'S internal financial management, and increase LISC'S adaptability to unforeseen events.

LISC has done a remarkable job of achieving this desired financial predictability by tailoring the terms of its financial support to the riskiness of the supported activity. LISC is in a position to do this because it is typically able to identify beforehand projects that will not support financial returns on its investments. Projects with no chance of producing such returns are supported with grants; those with only a slim chance of producing such returns are supported with recoverable grants. The result is that nine out of ten assisted projects produce for LISC its expected level of financial return (see again Table II-3). LISC's record in this respect is somewhat better on projects with an assured demand, but its success rate is quite high on projects of all types, and LISC seems to suffer only a partial loss of resources even on the few projects that do not perform as expected.

This predictability in LISC's financial return does not mean that LISC's resources are not being depleted. Grants are very predictable: they inevitably deplete LISC's pool of investable funds. Recoverable grants are almost as predictable. On paper, they carry an unspecified chance of being returned to LISC. In fact, these grants are made only when

LISC believes that the likelihood of return is quite low, and its judgment has been good: to date only one of the recoverable grants in the evaluation sample has returned any funds to LISC because the cash flow on the rest of the projects has never reached the level to trigger recovery. In contrast, most loans are repaid, albeit at a below-market interest rate, and credits of various forms (guarantees, standby mortgages, etc.) are rarely drawn down. Measured in terms of nominal dollars committed, LISC investment strategy relies heavily on loans, which constitute 60 percent of all dollars committed to organizations in the evaluation (see Table II-4). On the project side, LISC appears to have a preference for "safe" projects. Forty percent of its funds support projects that have the benefit of both an assured demand and a mortgageable asset. Support for speculative real property is also relatively common, accounting for over one quarter of all dollars committed. The actual payback rate for these several types of financial instruments is not available. However, for illustrative purposes only, it is instructive to compare the distribution of LISC's nominal dollar commitments with the distribution of the resources it is actually consuming under an assumed set of payback rates.

Under the assumed set of payback rates, almost half of LISC's real resource consumption is in the form of grants--a marked contrast to the heavy concentration of nominal dollar commitments to loan and credit activity. Although numbers produced using actual payback rates would certainly vary from those shown, it is difficult to imagine a set of payback rates that would change the basic pattern. Although grants and recoverable grants do not entail risks of the conventionally-defined sort, they are a substantial and genuinely risky part of LISC's activities.

If LISC had made loans instead of recoverable grants in all cases, and if--as has happened--repayment had not been possible, LISC would be on record as receiving financial returns on only half of the projects facing speculative demand. Its track record would be substantially poorer if measured in terms of conventional banking criteria because its stream of financial returns would appear less predictable, but it would be no worse off in terms of real resource costs.

TABLE II-4

DISTRIBUTION OF LISC'S FINANCIAL COMMITMENTS,[a] BY TYPE OF PROJECT

(Dollars in 000's)

COMMITMENT OF RESOURCES

Project Type	Loans	Grants	Recoverable Grants	Credit	Total	Percentages	Number of Projects
Assured Demand							
Real Estate	$2,220	$245	$66	$410	$2,941	40.9%	19
Non-Real Estate	335	126	0	0	461	6.4	4
Speculative Demand							
Real Estate	1,639	274	154	0	2,067	28.7	15
Non-Real Estate	167	458	459	280	1,364	19.0	19
Non-Marketed[b]	0	344	20	0	364	5.0	9
Total	$4,361	$1,447	$699	$690	$7,197	—	66
Percentage	60.6%	20.1%	9.7%	9.6%	—	—	—

Each dollar of contractual commitment is an indication of the depth of LISC involvement. Here, each contractually committed dollar is counted equally.

a. This excludes LISC commitments that assisted groups have not yet begun to use.
b. Includes five management development "projects."

CONSUMPTION OF RESOURCES

Project Type	Loans	Grants	Recoverable Grants	Credit	Total	Percentages
Assured Demand						
Real Estate	$550	$245	$49	$20	$864	28.0%
Non-Real Estate	84	126	0	0	210	6.8
Speculative Demand						
Real Estate	409	274	115	0	798	25.8
Non-Real Estate	42	458	344	14	858	27.8
Non-Marketable	0	344	15	0	359	11.6
Total	$1,085	$1,447	$523	$34	$3,089	—
Percentage	35.1	46.9	16.9	1.1	—	—

Loan funds are mainly returned, therefore their net financial cost is lower than for grant funds. Here, LISC resource commitments are weighted by their net financial cost to LISC.*

*Assumptions:

Grant:	$1 = $1 of financial cost
Recoverable Grant:	$1 = $0.75 of financial cost
Loan:	$1 = 0.25 of financial cost
Credit/Guarantees:	$1 = 0.05.

One implication of this fact is that LISC has the option of increasing the apparent risk of its investments without increasing its real resource costs. It could become less of a social banker and more of a community venture capitalist, extending fewer grants and/or recoverable grants, but making more loans--knowing that some (controllable) fraction of the loans will probably not be repaid. The loan portfolio, considered by itself, would be "riskier," but the virtually complete exposure of grants and/or recoverable grants would be reduced. LISC's reputation for risk-taking would probably be different both in the donor community and among neighborhood organizations, and the uncertainty of financial returns on its loans would be greater, but its ability to retain its pool of real resources would be maintained.

Evaluating the viability of a proposed project requires a combination of development experience and sound judgment. Assessing an organization's ability to execute the proposed project is even more difficult. LISC's ability to assess risks of different types--and hence to make sound decisions about how to use its resources--depends importantly on a small number of LISC staff members, most notably the program officers and a few senior staff in New York.

Members of the Local Advisory Committees, the National Advisory Committee, and other LISC staff all play a role in deciding which projects will be funded and what the form of that support will be. Many of these individuals bring to their work considerable financial and development experience, and hence an ability to form independent views about the viability of specific projects. However, all these necessarily rely heavily on the information the program officer provides and on the judgments s/he has made--especially judgments about organizational capacity. Developing a strong cadre of program officers has been an important part of building an innovative technology for neighborhood revitalization.

CHAPTER III

ORGANIZATIONAL EFFECTS

As a basic philosophy, LISC holds that community-based development organizations are more than merely an instrument for carrying out specific projects. It believes that the viability and vitality of such organizations are valuable in themselves--to generate future community development, provide continuing benefits to area residents, and influence community values. LISC therefore hopes to assist groups that may be weak and unsure of their future to transform themselves into institutions that are securely positioned in the economic and social life of their communities.

From this perspective, LISC aims not only to improve physical and economic conditions in its areas of concentration but also to strengthen the organizational capacity of the community groups. As suggested by Figure I-1, LISC promotes organizational development both indirectly and directly. By assisting projects, LISC helps a community-based organization acquire skills and experience and improve its financial health; more directly, LISC provides technical assistance and management support grants to strengthen the group for future endeavors. Moreover, LISC sees a significant reciprocal relationship: it uses projects to build organizations and organizational development actions to build projects.

The evidence of the evaluation shows solid achievements in accomplishing these purposes. Most of the aided community groups have expanded their productive capacity by undertaking new activities or increasing the scale or complexity of existing activities. More than half of the groups expanded their paid staff, and 80 percent enhanced staff skills. These organizations also enhanced their financial health. A strong majority of the groups for which data are available increased their flow of revenues and expenditures and expanded their stock of capital assets. The vast majority of the groups, moreover, established relationships with at least one new funding source or financial partner.

Organizational Development Prior to LISC Assistance

Successful community groups tend to go through several distinct phases of organizational development which are closely related to their increasing use of paid staff and growing diversity of programs and activities. In most instances, they begin life staffed entirely by volunteers and may continue that way indefinitely. But those that successfully undertake one or more projects--especially projects that involve ongoing activities--typically feel a need for paid staff members to provide more hours, more continuity, greater dependability, and higher skill levels than they can get from volunteers alone. Many community organizations never get beyond this second stage because of funding difficulties, disagreements between paid staff and the group's volunteer board of directors or general membership, or other problems. For the smaller number of groups that continue to grow, a third stage begins when the size of the paid staff becomes too large--about ten or more--for the executive director to supervise directly. Usually such an organization has diversified its programs well beyond those it undertook initially. At this point, the executive director needs a different mix of personal skills to be effective, and he or she needs a subordinate with some supervisory ability as well as substantive skills. If the organization becomes even larger, another turning point arises when it has about 20 paid staff members and an expanding repertoire of activities and projects. In this fourth stage, the group needs more formal management systems and overhead services to be effective, and it requires not only a strong executive director but also a solid cadre of middle managers.

Because LISC insists that assisted groups have a demonstrated record of accomplishments before receiving support, virtually all of the organizations it helps with major projects have already made the transition from volunteer to paid staff. Only two groups in the evaluation sample--BUILDERS in California and CEDC in Philadelphia--had no paid staff members at the time they initially received a LISC grant or loan.

As Table III-1 indicates, though, LISC works with community groups in each of the remaining stages of organizational development. Many of these groups were still quite small when they first became involved with LISC. Nearly 40 percent of the evaluation sample (13 groups overall, including

TABLE III-1

CHANGES IN NUMBER OF PAID STAFF AFTER LISC INVOLVEMENT

Area of Concentration

Number of Paid Staff at Time of Initial LISC Assistance	Boston	California	Chicago	Cleveland	Indianapolis	Philadelphia	South Bronx
0-3	LRCC (+12)	BUILDERS (0) Mid-Peninsula (+25)	ICNC (+4)	BETI (+1/2) CHN (+4) Detroit-Shoreway (0) Union-Miles (+3)	BOS (0)	CEDC (+13) PACE (+12)	BUILD (+8) MBD (+6)
4-10		CHISPA (+11)	NRC (+1)	Famicos (+2 1/2)	FSFPIC (0) MACO (-5)	NTNP (+9) YDC (-5)	
11-20	RCCC (+1)	TNDC (?)	VOP (0)		ECI (-8)		Banana Kelly (+30) Bronx Frontier (-6) Bronx 2000 (+15)
21 or more	GBCD (+1) IBA (0)	ASIAN (-4)	INDC (0) Pyramidwest (0)			SWGCDC (0)	NWBCCC (0)

Note: Figures in parentheses indicate changes in staffing levels as of mid-1985.

BUILDERS and CEDC) had three or fewer paid staff members; another 20 percent (seven groups) had between four and ten staff members. The largest organization in the evaluation sample is Inquilanos Boricuas en Accion (IBA) in Boston, which had about 70 staff members at the time of its first involvement with LISC; the next largest is the Northwest Bronx Community and Clergy Coalition (NWBCCC) in the South Bronx, which had about 30 staff members.

Expansion of Productive Capacity

Among the ways to gauge LISC's impact on the development of community-based organizations is to assess its effect on their productive capacity--their ability to produce goods and services or accomplish other specific goals. Such development can occur when an organization diversifies its activities into a substantially new program or function; it must then assemble the appropriate human and material resources and develop the set of procedures necessary to replicate the activity. Such development can also occur when a group increases the scale or complexity of production in an existing line of activity.

In this regard, the second phase of the evaluation confirms first-phase findings: LISC assistance has enabled about 2/3 of the sample (22 community groups) to undertake activities that depart significantly from their previous base of operations. Table III-2 identifies these groups in each of the evaluation sites. In Indianapolis, for example, the Metropolitan Area Citizens Organization (MACO), which had mainly organized small merchants associations, has initiated three commercial real estate development projects, including the large-scale rehabilitation of the Devington shopping center; the fledgling Fountain Square-Fletcher Place Investment Corporation (FSFPIC) has undertaken a major housing development project in the historic Briggs Flat building. In Philadelphia, the Southwest Germantown Community Development Corporation (SWGCDC), which had done only housing-related developments, has rehabilitated a deteriorating industrial facility. In Cleveland, the Famicos Foundation, which previously rehabilitated single-family houses, has sponsored the development of new low- and moderate-income housing at the site of the Hough riot of 1967.

TABLE III-2

EXPANSION OF PRODUCTIVE CAPACITY THROUGH NEW ACTIVITIES

New Activities	Site						
	Boston	California	Chicago	Cleveland	Indianapolis	Philadelphia	South Bronx
Yes	GBCD LRCC RCCC	ASIAN Mid-Peninsula	ICNC NRC Pyramidwest	Famicos Union-Miles	ECI FSFPIC MACO	CEDC NTNP SWGCDC	Banana Kelley Bronx Frontier MBD NWBCCC BUILD Bronx 2000
No	IBA	BUILDERS CHISPA TNDC	INDC VOP	BETI CHN Detroit-Shoreway	BOS	PACE YDC	

When LISC assistance has not enabled an organization to launch new programs, it has typically permitted an increase in the scale or complexity of an existing line of activity. Of the 12 groups in the evaluation sample that did not start at least one new program as a result of LISC aid, seven were able to expand substantially activities in which they were already engaged. In Cleveland, for example, both the Buckeye Evaluation and Technical Institute (BETI) and the Cleveland Housing Network (CHN) increased the volume of housing rehabilitation in which they were involved; and in Philadelphia, PACE expanded its capacity to help create or sustain worker-owned businesses.

Not surprisingly, undertaking new lines of activity commonly leads to the development of new organizational skills. Eighty percent of the groups in the sample gained new or enhanced organizational skills while working on LISC-assisted projects (Table III-3). Gains in skills are evident in all of the 22 groups in which LISC funds were used for new project activities. Development of substantially enhanced skills was less common among groups that did not undertake new programmatic activities. Of the 12 groups in this category, only half broadened their skills base.

Organizational learning resides in the individuals that constitute the organization. Because community-based development groups are typically staff-poor, "organizational learning" often means that one--or at most two--individuals learn how to carry out a new activity. Like other small businesses, these development groups are therefore highly vulnerable to staff turnover. They are particularly vulnerable to the departure of their senior, more highly skilled personnel. Even the most sophisticated groups included in the evaluation have undergone significant periods of very low productivity following the loss of their executive directors. Hence, the durability of these newly acquired skills is uncertain except in those groups with significant depth of leadership.

Increases in Staff Size

Many community-based organizations are severely hampered in their work by a shortage of human resources: they have either too few staff members overall or not enough skilled personnel for important functions. In

TABLE III-3

NEW OR ENHANCED ORGANIZATIONAL SKILLS RESULTING FROM LISC PROJECTS

	Business Management	Housing Management	Real Estate Development			Marketing	Economic Development	Other	None
			Planning	Finance	Project Management				
Boston									
GBCD							x		
IBA									x
LRCC	x	x							
RCCC				x	x				
California									
ASIAN			x	x					
BUILDERS									x
CHISPA				x		x			
Mid-Peninsula		x							
TNDC			x		x				
Chicago									
INDC									x
ICNC	x							x	
NRC			x						
Pyramidwest			x	x	x				
VOP									x
Cleveland									
BETI				x					
CHN				x					
Detroit-Shoreway						x			
Famicos									x
Union-Miles			x	x	x	x			

TABLE III-3 (continued)

NEW OR ENHANCED ORGANIZATIONAL SKILLS RESULTING FROM LISC PROJECTS

	Business Management	Housing Management	Real Estate Development			Marketing	Economic Development	Other	None
			Planning	Finance	Project Management				
Indianapolis									
BOS									x
ECI							x		
FSFPIC			x	x					
MACO			x	x	x	x	x		
Philadelphia									
CEDC	x					x			
NTNP	x					x	x		
PACE								x	
SWGCDC			x	x	x	x			
YDC									x
South Bronx									
Banana Kelly	x	x	x	x	x	x			
Bronx Frontier	x					x			
BUILD	x	x	x	x	x				
MBD			x	x	x	x	x	x	
NWBCCC			x	x					
Bronx 2000	x				x	x	x		

investigating LISC's impact on staff capacity, the second phase of the evaluation shows that more than half of the sample (18 groups) increased the size of their staff after their involvement with LISC.

Staff expansion was more widespread among, and generally had greater impact on, the smaller community organizations, as can be seen in Table III-1. Of the 13 groups that had three or fewer paid staff members at the time they initially became involved with LISC, ten were able to add staff after beginning LISC-assisted projects. Of the seven groups that initially had four to ten staff members, five expanded the size of their staffs. In contrast, the groups that started out larger were far less likely to expand: only three of the seven in the 11-20 category added staff, and only one of the seven in the 21 or more category. In fact, the greatest growth in absolute numbers of staff members tended to be concentrated in the groups that were originally among the smallest—for example, the Lower Roxbury Community Corporation (LRCC) in Boston and Mid-Peninsula Coalition Housing Fund in California, both of which started housing management subsidiaries with LISC help; Community Energy Development Corporation (CEDC) in Philadelphia; and BUILD and the Mid-Bronx Desperdoes (MBD) in the South Bronx. Of the larger groups, only Banana Kelly, which undertook a large housing rehabilitation program and entered the construction management business, and South Bronx 2000, which sponosored a recycling venture and expanded its technical services division, substantially expanded their staffs.

These findings can be explained in several ways. The larger groups were often sustaining existing levels of activity, in effect using LISC assistance to maintain their momentum; or they were undertaking specialized projects that were not labor intensive. The smaller groups, in contrast, were stretched tightly enough that undertaking a new project absolutely required building up the size of their staffs.

In a few cases, LISC assistance permitted a group to expand its staff temporarily, but these gains were subsequently lost. BUILDERS in California hired staff for a time, but the failure of its planned acquisition

of the old Colgate-Palmolive plant in Berkeley resulted in the disbanding of this staff. MACO in Indianapolis grew for a time, but has had to lay off most of its staff because its projects have generated insufficient revenue to support them, and core support has been unavailable from other sources. Bronx Frontier's staff has shrunk notably as its parks construction and composting businesses have been abandoned.

Several other organizations--ASIAN in California and ECI in Indianapolis--have cut back their staffs for reasons not directly related to their LISC projects; and the Youth Development Corporation (YDC) in Philadelphia disbanded when the federal CETA program was terminated.

Strengthening of Finances

LISC hopes to make the community organizations with which it works stronger financially--to enhance their ability to carry out programs, make them less dependent on changes in government and philanthropic funding, and increase their chances for long-run survival as community institutions. It seeks to accomplish this by increasing both their current revenue flows and their stock of tangible assets, such as real estate or surplus-creating organizational subsidiaries, which will generate revenue over a period of years. It also strongly encourages the establishment of ties with new sources of funding and investment, especially in the private sector.

Gathering systematic information about group finances has proved the most difficult data collection problem that the evaluation team has faced--and one that has been only partially surmounted. Some groups do not produce any public financial statements in auditable or reviewable form. Others have reasonable current information but lack data from a baseline period before they received LISC assistance. Others report information for individual projects but not for the group as an entity. And a few groups have refused to release financial information to the evaluation team or ignored repeated requests. As a result, financial information is sketchy in many instances and absent in others. Hard quantitative analysis has proved infeasible. Nonetheless, it is possible to make more limited, tentative judgments about the course of organizational finances.

Of the 24 groups for which revenue and expenditure information is available (or for which reasonable estimates are possible), 15 show an increase in financial activity, three have remained at the same level, and six show a decrease. (In the last category, YDC in Philadelphia did not survive the termination of CETA, and BUILDERS in California, which lost the property it hoped to acquire as an industrial incubator, maintains a very tenuous existence . MACO in Indianapolis is currently experiencing a severe cash crisis caused by the drying up of core support money and is openly questioning whether it can survive.)

Even less satisfactory data is available about the groups' capital assets. Of the 15 groups for which information has been uncovered, 11 have expanded their assets, two seem to have suffered a slight decline, and two have maintained the same level.

Far better data has been gathered from interviews and other sources about community organizations' success in establishing relationships with new sources of funding. By forming ties with new funding sources in the process of undertaking LISC-assisted projects, a community group gains experience in dealing with such sources, learns how to attract their support and satisfy their expectations, and improves its track record in responsibly handling its finances. LISC has made the establishment of such ties, especially with private sector financial institutions or partners, a prime objective.

There is evidence that that goal is being achieved. At least 24 of the 34 groups in the evaluation sample have established relationships with at least one new funding source (private sector, philanthropic, or government) in the course of working on LISC-assisted projects. Of these, 19 have worked with new private sector sources. In a number of these cases, LISC program officers have been instrumental in helping the community group establish these connections.

Conclusions from these data must be highly tentative, but it appears that a substantial majority of the groups for which we have information have strengthened themselves financially in the period following LISC's

assistance. A further general finding is that LISC-assisted projects seem to involve an increase in the complexity of most groups' financial dealings, and the interview data suggest that most have significantly increased their financial sophistication as a result. To complete a LISC-aided project successfully, a group must frequently extend its relations with other philanthropic or commercial sources of funding, master the intricacies of new financial arrangements, and improve its record-keeping, reporting, and planning.

Only two groups seem to have been harmed even slightly by LISC-assisted projects: ASIAN in California experienced the failure of its child care center and problems with its second real estate project, facts which appear to have damaged its reputation in the philanthropic community; and Bronx Frontier has terminated both of its new business ventures, a parks construction company and the marketing of its compost product, Zoo Doo. In the case of Bronx Frontier, one might well argue that these ventures have exacted severe opportunity costs. Bronx Frontier's leaders were preoccupied with them for several years and gave less attention to the organization's traditional social service activities, which suffered in consequence.

LISC'S Role in Organizational Development

As noted above, LISC affects organizational development both indirectly through the projects that it assists and directly by means of technical assistance and management support grants. In many instances, the indirect mode is the dominant method: LISC helps finance a project; the organization stretches itself to carry out that project; and, in the process, it expands its staff, develops new activities and skills, and broadens its base of financial support. Nonetheless, the direct support for organizational development--generally delivered through LISC's program officers in the field--is often quite significant to the groups.

No single mode of operation is used by all program officers in all cases. But the elements of this type of aid can be identified. Program officers help "brainstorm" and "reality test" project ideas (and occasionally suggest them), provide suggestions about strategy and financing,

serve as a reference for the community group with other participants in a project (such as financial institutions, government agencies, and philanthropic organizations), and actively intervene to help persuade other participants that they should support the project or to work out substantive problems that threaten to block it. The evaluation team was struck, moreover, by the many times that community group executive directors expressed gratitude for the counsel they received from program officers above and beyond project-related business. In cases where a program officer works with a given group over a period of years, usually on several successive projects, as has been the case in the South Bronx, he or she may have a very significant influence on the course of that group's development.

CHAPTER IV

COMMUNITY EFFECTS

The ultimate objective of LISC is to have the combined effects of the economic enterprises it supports (project effects) and the community institutions it helps create (organization effects) produce economically and socially strong communities in place of poor, isolated, dependent ones. Stronger communities will provide their residents with a more attractive and supportive environment, a better quality of life, and a richer set of economic and political opportunities. Strong communities will also be able to attract funds from sources other than LISC. Collectively, these impacts are what LISC means by "community effects".

Community effects are, by far, the most difficult of LISC's contributions to observe. First, the effects take time to develop and their durability is an important dimension of the quality of their impact on the community. Second, the essence of community effects is a subjective state experienced by residents that defies neat and systematic measurement: they feel hopeful and effective; they are energized to make investments and to be disciplined in their efforts to construct attractive economic and social communities. Third, community change at its most effective is synergistic --making it difficult if not impossible to attribute changes in the character and quality of community life solely to LISC's intervention.

Despite these obstacles to a rigorous "scientific" study of community effects, both LISC and the evaluation team have felt that these impacts of LISC's work merit some investigation. Phase II of the evaluation, therefore, includes an initial look at two different types of community effects. The first of these includes (1) the development of an analytic framework in which to evaluate the impact of LISC-assisted projects on their surrounding neighborhoods and (2) the design and implementation of two sample analyses of neighborhood impacts. The second is a preliminary assessment of LISC's effects on the economic and political fabric, i.e. the community development community, within which LISC and its constituents work.

NEIGHBORHOOD EFFECTS OF LISC-ASSISTED PROJECTS

One of the objectives of Phase II of the evaluation has been to do a prototype analysis of the long-term effects of LISC's operations on the neighborhoods in which the projects are run and in which the assisted organizations have their roots. The crucial question is whether LISC's interventions make life better for the local residents.

Neighborhood Impacts: An Analytic Framework

The community organizations that LISC assists work in several different types of neighborhoods. All are working to improve the circumstances and welfare of poor, disadvantaged residents, but the settings within which they do this work are varied. Some work in strong, vibrant neighborhoods in which considerable effort is required to sustain a place for people of low or moderate income. Many work in economically weak or troubled neighborhoods seeking to head off or reverse decline. Some work in communities that have literally come apart--neighborhoods that must be rebuilt almost from scratch.

The impacts of community development activities must be evaluated with these differences clearly in mind, because the types of changes that signal improvement vary with neighborhood type. In a badly deteriorated setting, a decline in the number of abandoned buildings and squatter settlements can signal that the worst is over. In a rapidly gentrifying area, merely maintaining the existence of low-income housing units may be an accomplishment. The evaluation interviews demonstrated the importance of understanding existing neighborhood conditions in evaluating the community effects of specific LISC-assisted projects. They also provided the information base used to divide the neighborhoods of assisted organizations into three broad categories.

Of the groups in the evaluation that do housing development, 27 percent work in devastated areas such as sections of the South Bronx, North Philadelphia, or Cleveland's Hough area. In these neighborhoods, signs of revitalization would include reduced levels of abandonment by owners, reduced tenant vacancy rates and increased property prices at city auctions. The availability of insurance and mortgage financing is a further indicator as

is the resurrection of consumer-serving commercial activity and improvements in neighborhood facilities.

Fifty-five percent of the sampled groups working on housing projects operate in neighborhoods like Hebbron Heights in Salinas, California, Detroit Shoreway in Cleveland, or Southwest Germantown in Philadelphia. Prior to the involvement of the community groups, these neighborhoods were economically troubled and declining. Here, indicators of the community effects of housing projects would include increased insurance and mortgage availability, an increase in real estate values and a reduction in traditional urban flight patterns. The groups in the study that do commercial projects work principally in these declining neighborhoods. The community effects of these commercial projects would be reflected in increased sales and sales tax revenues, an increase in the number and types of commercial establishments, and an increase in housing or population to support an expanding commercial base.

The remaining 18 percent of the housing groups in the study work in neighborhoods that are economically troubled but revitalizing, and therefore subject to gentrification. In areas like Riverside-Cambridgeport in Cambridge, Massachusetts, signs of positive community effects would include the stabilization of housing prices, the availability of affordable housing for current residents, and a wider variety of retail services.

Evaluating Community Effects with Pre-existing Data Bases:
NWBCCC's Fire and Arson Project

Analyzing changes in neighborhoods surrounding assisted development activity is necessarily problematic. Routinely collected data are rarely disaggregated in a way that provides useful information about neighborhoods. Special purpose studies conducted for other reasons rarely include the kinds of information needed for this purpose. To examine project or program impacts requires information about the neighborhood before the project was undertaken as well as after it is completed. And it is both conceptually and empirically difficult to locate "control" neighborhoods against which to compare assisted ones and thereby isolate the changes that would have taken place even if the program or project had not occurred.

Nevertheless, an opportunistic search through existing data bases on LISC-assisted neighborhoods suggested that some quantitative analysis might be possible. The Northwest Bronx Community and Clergy Coalition's (NWBCCC) Fire and Arson Project emerged as the best case for such analysis: the project was successful by general community consensus and detailed statistical information was available through New York City's Arson Strike Force. Thus, it appeared likely that neighborhood effects might be identified despite methodological difficulties.

Through this project, NWBCCC did tenant organizing in over 100 buildings with the goal of decreasing the incentive for arson by reducing vacancies. NWBCCC also: (1) organized a campaign to get the Red Caps (a task force of fire marshalls specializing in arson control) into the Northwest Bronx; (2) successfully lobbied for an additional $2 million in funding for that program; (3) coordinated work with the Arson Strike Force, and (4) drafted a bill requiring reporting of burn injuries.

The total project cost was $325,000-350,000 over the 1-1/2 year period from mid-1981 through 1983. The funds were used primarily to pay for an organizing staff of 13. LISC contributed a total of $135,000 or about 1/3 of total project cost.

From 1958 to 1967 the incidence of arson in New York City increased 100 percent; it doubled again in the next seven years. In 1976 this crime reached its peak, with 13,752 arson cases recorded by the Fire Department's Bureau of Fire Investigation during that year. Arson rates began to drop in 1977. Between 1980 and 1984, the City's structural arson rates (arson in buildings as distinguished from cars, dumpsters, etc.) dropped by 38.6 percent (see Table IV-1). The Bronx and Brooklyn led the boroughs with declines of 46.1 percent each.

Within the Bronx, field interviews indicate that NWBCCC's anti-arson programs were concentrated in Community Districts 5 and 6, so the effects of their programs would be most visible there. Available statistics indicate that reported arsons did, in fact, fall faster in those two districts

Table IV-I

STRUCTURAL ARSONS BY BOROUGH
1980 vs. 1984

Borough	Structural Arsons 1980 Number	1980 Percentage of City Total	Structural Arsons 1984 Number	1984 Percentage of City Total	CHANGE Number	CHANGE Percentage
Brooklyn	3,383	40.7%	1,839	36.0%	-1,544	(-45.6%)
Bronx	2,518	30.3%	1,358	26.6%	-1,160	(-46.1%)
Manhattan	1,322	15.9%	1,088	21.3%	-234	(-17.7%)
Queens	765	9.2%	587	11.5%	-178	(-23.3%)
Staten Is.	324	3.9%	220	4.3%	-104	(-32.1%)
Total	8,312	100.0%	5,104*	100.0%	-3,208	(-38.5%)

* Includes 12 arsons for which borough was not identified.

Source: N.Y.C. Fire Department as cited in Arson Strike Force, Arson in New York: 1984 (Sept. 1985), p. 48.

than in the Bronx generally (see Table IV-2). Borough-wide, arson declined by 44 percent. In Community Districts 5 and 6 declines were almost a third greater--approximately 60 percent.

It would be misleading to attribute these changes solely to the work of NWBCCC. Arson reduction has been one of the mayor's priorities since 1978, spurring the creation of the Arson Task Force and a wide range of city initiatives. For example, the city developed an active program of sealing vacant buildings. This program may have had a disproportionate effect in Community Districts 5 and 6 because in 1983 they contained 25 percent of the vacant buildings in the Bronx.

Arguably, these districts would not have received as much city attention and resources without the organizing and lobbying activities of NWBCCC. But it would be virtually impossible to separate out the impacts of the many active groups and programs.

Site-Specific Oral History: Banana Kelly in the South Bronx

An alternative approach to statistically based analysis of community effects is site-specific oral history. This approach is time-consuming and expensive because it entails the collection and organization of an original database. Its feasibility hinges critically on the existence of documents and individuals with highly detailed information about the neighborhood over time. Like the statistical approach, this method does not provide a way to isolate the impact of LISC's participation. When the appropriate resources exist, however, this approach provides a rich and potentially suggestive picture of neighborhood change.

Again the evaluation team identified what appeared to be the most fertile ground on which to test this approach. Banana Kelly of the South Bronx was selected as a group that worked within a well-defined geographic area which has, by all accounts, experienced marked housing and commercial revitalization. The area is small enough to make the development of the necessary database feasible.

TABLE IV-2

SUSPICIOUS FIRES* AND STRUCTURAL ARSON IN BRONX COMMUNITY DISTRICTS, 1980-1984

Community District	1980 Number	1981 Number	1981 Percentage Change	1982 Number	1982 Percentage Change	1983 Number	1983 Percentage Change	1984 Number	1984 Percentage Change	Total Percentage Change, 1980-1984
1	346	274	-20.8%	297	8.3%	207	-30.3%	206	-0.4%	-40.5%
2	229	203	-11.5%	161	-20.5%	99	-38.7%	97	-2.0%	-57.8%
3	304	242	-20.3%	232	-3.9%	217	-6.7%	141	-35.0%	-53.6%
4	400	399	-0.2%	358	-10.4%	237	-33.8%	270	13.9%	-32.6%
5	437	420	-3.9%	335	-20.3%	289	-13.8%	174	-39.7%	-60.2%
6	424	418	-1.5%	390	-6.5%	280	-28.2%	169	-39.6%	-60.2%
7	87	130	48.9%	122	-5.8%	85	-30.6%	113	32.9%	29.2%
8	39	55	38.1%	38	-29.3%	36	-7.5%	28	-22.2%	-29.8%
9	67	70	4.2%	78	12.1%	72	-8.6%	73	1.3%	8.2%
10	12	18	46.1%	17	-5.2%	17	-0.5%	24	41.1%	94.3%
11	32	34	5.8%	33	-2.7%	34	2.2%	23	-32.3%	-28.7%
12	58	63	8.0%	51	-19.4%	63	22.8%	38	-39.6%	-35.4%
Total	2,442	2,330	-4.5%	2,117	-9.1%	1,636	-22.7%	1,356	-17.1%	-44.4%

* Arson data not disaggregated by community districts for 1980-1982. The fire department's data on suspicious fires (structural only) was substituted for those years, adjusted by 5% for differences in reporting techniques.

Source: N.Y.C. Fire Department, Bureau of Fire Investigation; compilations supplied by Arson Strike Force.

Banana Kelly works primarily within five square blocks; the area selected for the community effects evaluation is a 55 block area surrounding this target area. It is bounded by Westchester Avenue, Southern Boulevard, East 163rd Street and Prospect Street in Community District Two (the southeastern tip of the Bronx).

In addition to Banana Kelly, at least three other community groups work in this area: Southeast Bronx Community Organization (SEBCO), Longwood Historic District Community Association (LHDCA), and the quasi-governmental South Bronx Development Organization (SBDO). All of these groups have contributed significantly to the revitalization of the area, and their impacts on the neighborhood cannot be disentangled. LISC has provided almost one million dollars to these organizations in the form of grant and loan support.

Prior to LISC's initial involvement in the Bronx, the study area was dominated by vacant buildings and lots (see Map IV-1). Field interviews suggest that Map IV-1 understates the impact of the devastation. Banana Kelly's five blocks at the center of the study area were described as "literally covered with mountains of rubble six stories high". The storefronts along Longwood Avenue were completely boarded up. Southern Boulevard had been hit by looters in the 1978 black-out. With the exception of the recently completed SEBCO projects, all of the housing in the area was seriously substandard.

Over the 1979-1985 period, this neighborhood changed dramatically (see Map IV-2). The most striking characteristic of development in this portion of the South Bronx is its collective nature. SEBCO, led by Father Gigante, is by far the largest organization and is responsible for the creation of more than 1,550 new or rehabilitated housing units in the study area alone, with an additional 947 units in neighboring blocks. SEBCO's work has been complemented by Banana Kelly, which focuses primarily on smaller developments with maximum participation by residents, including sweat equity projects. The success of SEBCO and Banana Kelly's projects significantly contributed to development of both the Longwood Historic District, and various public housing and park projects in the area.

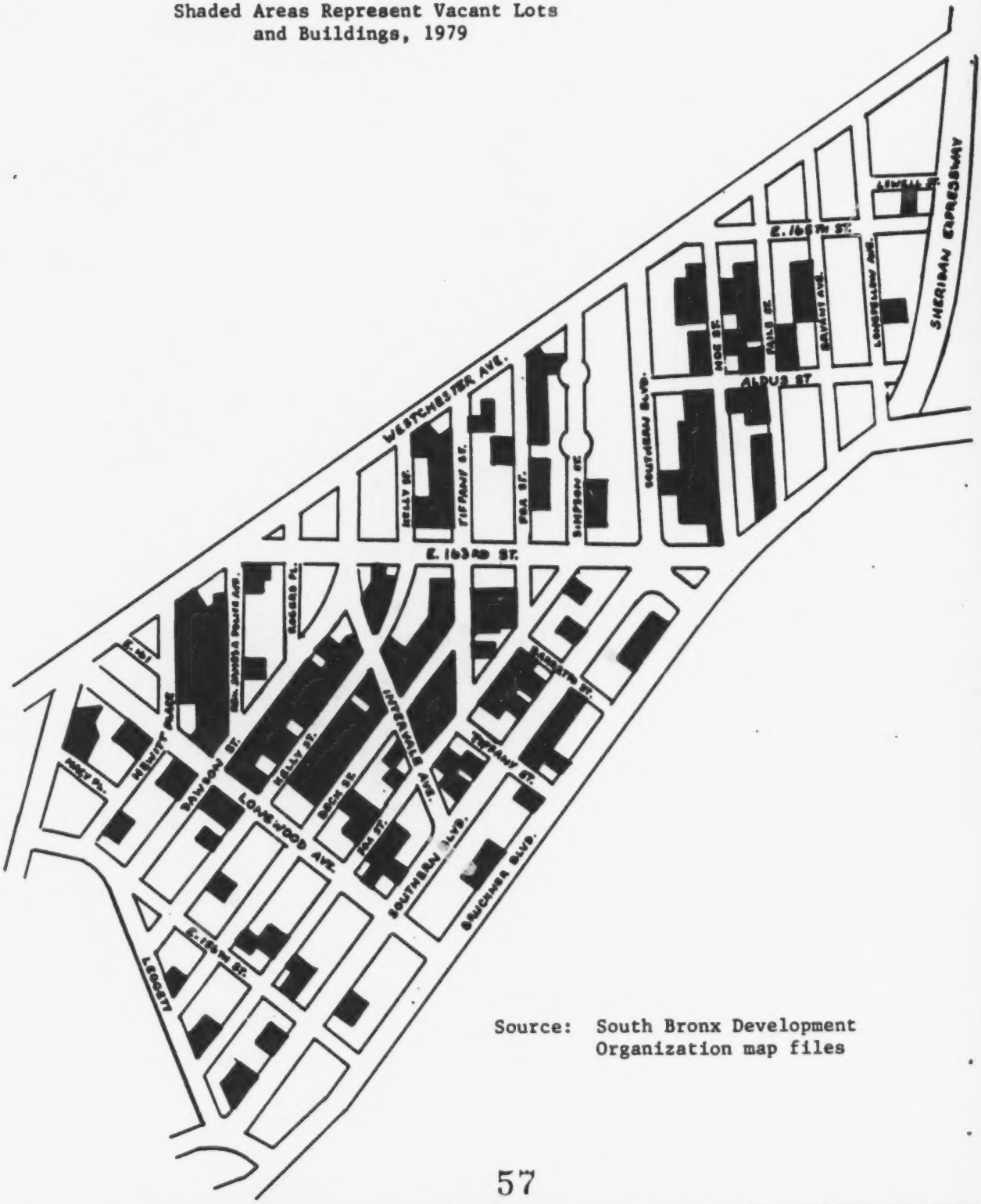
The net effect of all these efforts in terms of housing was to create approximately 2,000 new or rehabilitated units in the study area alone. These changes in the housing stock have had a marked multiplier effect on commercial revitalization. Westchester Avenue is still depressed, due in part to the fact that the "El" runs overhead and merchants cannot qualify for subsidized rehabilitation loans because they cannot meet the EPA's noise restrictions. But East 163rd is showing clear signs of recovery, as is Longwood Avenue. As of November 1985, there were virtually no vacant commercial spaces on Longwood between Dawson Street and Southern Boulevard. Banana Kelly had leased out six commercial spaces in the previous six months alone. Moreover, Southern Boulevard reflects a pattern of reinvestment atypical of the Bronx. In the past five years, building permits have been issued for the majority of structures that suffered fire damage in the black-out of 1977. A recent retail store fire was not followed by the usual pattern of burnings. Rather, the store was re-built and is still in operation.

As the maps and interview data illustrate, progress in this area of the South Bronx has been impressive in light of the level of devastation five years ago. There is still no healthy housing market for private, unsubsidized investors, but there are glimmers of hope. Five years ago, abandoned structures could not be given away; recently one of the shells in the Longwood Historic District sold for $30,000 at a public auction. While Banana Kelly is currently collecting evidence alleging mortgage and insurance red-lining in the area, the very fact that such a campaign can be mounted credibly is testimony to the work of community groups in the area in building up demand.

MAP IV-1 .

SITE-SPECIFIC COMMUNITY EFFECTS
SOUTH BRONX STUDY AREA

Shaded Areas Represent Vacant Lots
and Buildings, 1979



Source: South Bronx Development
Organization map files

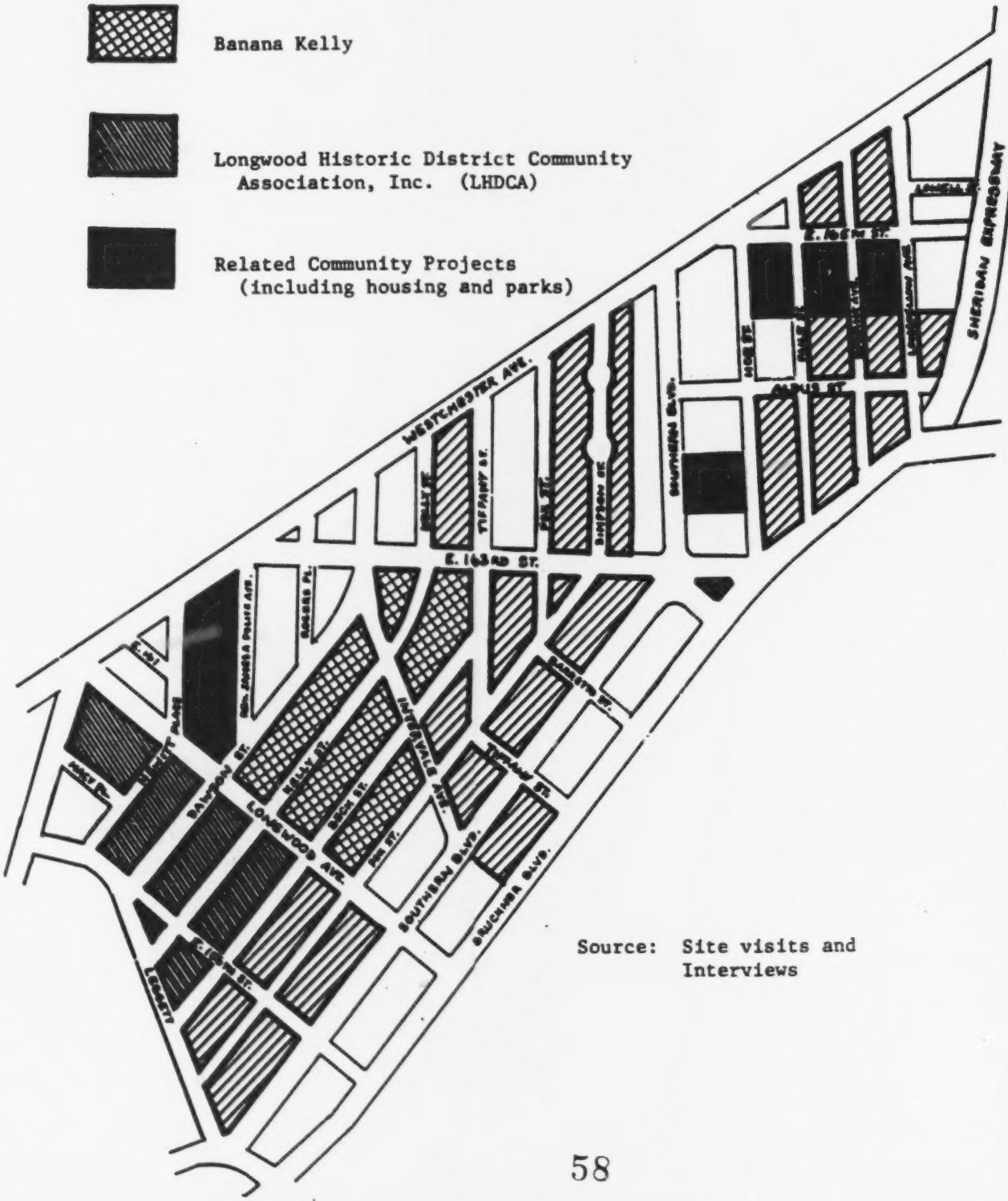
MAP IV-2
SITE-SPECIFIC COMMUNITY EFFECTS
SOUTH BRONX STUDY AREA

Southeast Bronx Community Organization (SEBCO)

Banana Kelly

Longwood Historic District Community Association, Inc. (LHDCA)

Related Community Projects (including housing and parks)



Source: Site visits and Interviews

THE EFFECTS OF LISC ON THE COMMUNITY DEVELOPMENT COMMUNITY

Part of LISC's mission is to have a positive impact on the private, foundation, and governmental entities that support community development projects in its areas of concentration. LISC's participation in this community development community has both raised the profile and reputation of community-based organizations among foundations and the private sector and provided a coordinated forum for supporters of community development. Each area presents LISC with distinctive challenges and opportunities. These variations are the product of the diversity of the corporate and political communities in the sites and the local history of participation in neighborhood development.

In all the evaluation sites, the profile and reputation of community development groups has improved over the last five years. Neighborhood revitalization has moved up on the agendas of government and the private sector. LISC has been one of many vehicles promoting this change. In Boston, for example, the attention given to neighborhood development has increased dramatically. LISC has helped to create the environment for this change, but its influence is inextricably intertwined with the contribution of many other important forces--a change in mayoral leadership, the development of state- and city-funded technical assistance and financing agencies, and renewed interest by the private sector.

LISC's special impact is reflected in the fact that in over half the cities in the sample, foundations that had never actively supported community development work or made program-related investments have now begun to do so. Further, LISC has been credited uniformly with raising the competence of community groups; this increased level of ability has won the groups new respect from state and local officials and from private sector lenders. This technical assistance and LISC's presence as a deal participant have raised the comfort level of banks in many cities in dealing with community groups.

LISC has also played a key role in providing a coordinated forum for community development activities. It has, in effect, changed the character of public discourse about community-based development in the areas where it

works. The extent and shape of this effect varies considerably across areas of concentration. At one extreme--the South Bronx--LISC's activities must be integrated into a wide range of programs and projects spawned out of extensive devastation and nationwide attention. At the other extreme, LISC also works in smaller cities like Indianapolis, where the history of community-based development is limited and its base of support very narrow. Here, making neighborhood development a city-wide priority will itself be a major accomplishment.

The Community Development Community and the Evolution of Effective Programmatic Models

By providing an opportunity to look at community development in a programmatic sense rather than project by project, LISC has helped foster the development of new and potentially replicable community development institutions. Three of these have evolved in the sites included in the evaluation.

The Hyams Trust "Secondary Market." In early 1985, the Godfrey M. Hyams Trust approached LISC with the request that they develop some innovative ideas for an investment. The result was the Hyams Trust "secondary market"--described by the Boston Globe as "the cutting edge of social investment." The Trust purchased one million dollars worth of low-interest loans already made by LISC for housing and commercial projects in Boston. This created the beginning of the nation's first secondary market for broad-based community investment.

This investment has three advantages for Hyams. First, there are no transaction and implementation costs in identifying and developing projects. Second, Hyams' risk is significantly reduced, both because the loans put into the pool already have a strong repayment record and because their risk is diversified across a series of loans in the portfolio. Third, because Hyams will be repaid the principal of the loans plus eight percent interest, the real cost of the investment is the difference between market rate and eight percent interest over the life of the loan. Thus Hyams can leverage a million dollar grant to LISC at a cost to the Trust of only $60,000.

The advantages to LISC are obvious. LISC receives a million dollars in unrestricted program funds to leverage in future projects, thus expanding LISC's programs in Boston and increasing its potential to be self-sustaining.

Most important, Hyams' investment provides a replicable model. Senior staff at LISC have already begun discussions with several major foundations, insurance companies, and banks in an effort to establish a large-scale national secondary market for community investments.

The Boston Housing Partnership. The Boston Housing Partnership (BHP) is a citywide, centralized development and financing vehicle for the rehabilitation of affordable housing for low- and moderate-income families. Chief executive officers from Boston's major banks and corporations, public officials, and representatives from neighborhood-based organizations sit on the BHP Board.

As its first project, the Partnership packaged a $30+ million rehabilitation program involving 730 residential units in ten individual development projects. The project required a complex financing scheme involving $2.5 million in Community Development Block Grant money from the City of Boston, $.5 million in private grants, $21.8 million in tax-exempt bonds, $5.6 million in syndication proceeds, $.9 million from a Ford Foundation program-related investment, $.5 million in a Community Development Finance Corporation loan, and $.5 million in LISC loan and grant money. While the financial packaging was accomplished centrally through BHP, each of the ten projects is being developed and managed separately under the auspices of a neighborhood-based development organization, with technical assistance provided by Greater Boston Community Development Corporation (GBCD).

The concept of BHP evolved out of Goals for Boston, and the project's development was spearheaded by William Edgerly, Chief Executive Officer at State Street Bank and Trust Company (which is also a contributor to LISC). Credit for the project's accomplishment must be shared by many people including Edgerly, Bonnie Heudorfer and Bob Whittlesey, former and present Executive Director of BHP, Patrick Clancy, Executive Director of GBCD, and

numerous other public, non-profit, and private actors. LISC made a special contribution in several respects. First, in 1980, the idea of doing a $3 million dollar project with community development organizations would have been unthinkable. As discussed earlier, LISC helped to promote the increased reputation of CDCs between 1980 and 1985. Second, as one of the first formal commitments to the BHP, the LISC money was important for its scale ($.5 million) and for its character, i.e, grant money to bring down projected rents and bridge money for loans against syndication proceeds. Third, LISC joined two other donors in insisting that their grant money be put in a reserve—not for the banks, but for the Community groups. It was critical to have an important part of the financing be from groups that were committed to community development organizations.

As finally structured, (after multiple closings and substantial development cost overruns), the BHP is too complex to be easily replicated. However, it has already had important ramifications for Boston, the least of which may be the addition of 730 units of housing. The Partnership has begun a second project that includes approximately 1000 housing units. The private sector is now closely invested in the success of Boston's community development organizations. And the Commonwealth of Massachusetts has asked GBCD to help structure a comparable partnership at the state level.

The Chicago Housing Partnership, the Community Equity Fund (CEF) and the Community Equity Assistance Corporation (CEA). The Chicago Housing Partnership, initiated by a task force under the auspices of Chicago United and major Chicago-area corporations, is an umbrella organization whose members include private lenders, foundations, the City's Department of Housing, and LISC. The partnership will start with $50 million over three years, with the goal of rehabilitating 2,000 low- and moderate-income units of multifamily housing. The partnership will draw on three sources of permanent financing. First, the city's major banks have pledged $25 million in first mortgage money. Second, $15 million in deep subsidy (deferred payment, no interest) money for second mortgages has been made available by the city. Finally, the newly formed Community Equity Fund (CEF) will provide equity investment funds.

The Community Equity Fund is a partnership of corporate investors who supply needed equity monies and diversify the risk of their investment by spreading it across a pool of housing rehabilitation projects. This diversification is accomplished through the formation of a hierarchy of limited partnerships. Local community development groups receive equity funding from these partnerships, but retain project control. This arrangement gives investors the benefit of a market rate of return when the tax benefits are taken into account. Thus, the risks for the investor are reduced to the risk of project failure due to mismanagement.

That risk is effectively addressed by LISC's development of the Community Equity Assistance Corporation (CEA). CEA is a not-for-profit corporation that supplies technical advice to CEF and to the groups that apply to it for funding. CEA's services include assistance in aggregating small projects, structuring offering proposals, underwriting consultation, and establishing appropriate systems of financial accounting for the groups. While CEA and LISC will operate as legally separate entities, several Chicago LISC Advisory Committee members and the Chicago LISC Program Officer are CEA board members. LISC received commitments for CEA totalling $225,000 from Chicago Community Trust, Amoco Foundation, and Citicorp Savings in addition to LISC's own recoverable grant of $130,000.

CEF and CEA taken together constituted an important step in addressing the problem of raising equity money. But a problem remained in that many lenders are not willing to loan against syndication proceeds that are scheduled to come in over a long period of time. LISC agreed to provide interim financing with the CEF proceeds acting as security. The CEF loan payments will essentially take LISC out of the permanent financing.

The first private offering for CEF was in early 1985 and the group hopes to have a $2-5 million revolving fund in operation before the end of the year. CEA is expected to be economically self-supporting within one year through fee revenue earned on service contracts.

The Chicago Housing Partnership, including the development of CEF and CEA, appears to have made important strides in creating an equity pool for

small community investment projects. The institutional and legal structures, although complex, appear to be replicable in other settings as long as relevant sections of the federal tax code remain untouched by tax reform.

Each of these three institutional developments is distinctive -- responsive to local circumstances, structured to take advantage of local opportunities. Nevertheless, each incorporates ideas, processes, and institutional relationships that can be selectively adapted in other locales. Together they exemplify the kinds of institutional changes LISC can encourage and facilitate.

APPENDIX A

ORGANIZATIONS AND PROJECTS INCLUDED IN THE EVALUATION

This evaluation of LISC is based on an examination of the work of 34 LISC-assisted community-based organizations. This work includes 72 projects LISC has decided to support with a total of 112 program actions. These groups and the support they have received from LISC are presented in the following table. Projects are identified by type: whether they are real estate (RE/Non RE), and whether they are expected to generate some financial return to the sponsoring organization ($/Non $). Projects expected to produce financial returns to the organization face either a speculative or assured demand for their output.

In the following table:

Px indicates a project intended to have a direct impact on the community.

Mx indicates an activity intended to have a direct impact only on the sponsoring organization. These are excluded from the analysis of project effects.

(D) indicates a program action intended to promote the development of a new project.

(LISC/BA) indicates a program action funded through the BankAmerica Foundation Neighborhood Partnership.

(*) indicates funds approved by LISC but not drawn down by the funded organization. This includes money for projects that have not yet begun, money to support projects that were cancelled, and money that turned out to be unnecessary because other funding became available. These program actions are not included in the analysis of LISC's effects.

Boston CBOs & Projects	Type	Expected Returns to CBO	Demand
Greater Boston Community Development (GBCD):			
P1: Econ. Dev. Division $50,000 grant $50,000 grant	Non RE	$	Speculative
Inquilinos Boricuas en Accion (IBA):			
P1: Viviendas II $250,000 loan	RE	$	Assured
P2: Econ. Dev. Division $100,000 grant $25,000 grant	Non RE	$	Speculative
M1: Board Training $1,000 grant	—	—	—
P3: All Saints Church (Performance Center) $8,000 grant	RE	$	Speculative
Lower Roxbury Community Corp. (LRCC):			
P1: Housing Mgmt. Co. $85,000 loan $50,000 grant	Non RE	$	Assured
Riverside Cambridgeport Community Corp. (RCCC):			
P1: Swartz Properties $161,000 loan $40,000 grant	RE	$	Assured

California CBOs & Projects	Type	Expected Returns to CBO	Demand
Asian-American Institute for Assistance to Neighborhoods, Inc. (ASIAN):			
P1: Child Care Facility $74,589 loan $4,000 grant	RE	$	Speculative
P2: Office Building $6,000 grant (D) $75,000 loan $75,000 grant	RE	$	Assured
Berkeley Union Industrial Land Development & Economic Resources Services, Inc. (BUILDERS):			
P1: Colgate Plant Rehab $48,800 recov. grant (D)	RE	$	Speculative
Community Housing Improvement Systems & Planning Association, Inc. (CHISPA):			
P1: Vista De La Terraza $255,000 loan	RE	$	Assured
P2: La Terraza $750,000 loan (LISC/BA)	RE	$	Speculative
Mid-Peninsula Coalition Housing Fund:			
P1: Housing Mgmt. $50,000 grant	Non RE	$	Assured
P2: Redwood Court $50,000 line of credit(*)	RE	$	Assured
P3: Saratoga Court $130,000 loan	RE	$	Assured
Tenderloin Neighborhood Development Corp. (TNDC):			
P1: Civic Center Residence $210,000 loan	RE	$	Assured

Chicago CBOs & Projects:	Type	Expected Returns to CBO	Demand
Illinois Neighborhood Development Corp. (INDC):			
P1: Development Loan Program $250,000 loan	Non RE	$	Assured
Industrial Council of Northwest Chicago (ICNC):			
P1: Business Service Center $50,000 loan	Non RE	$	Speculative
North River Commission (NRC):			
P1: Lawrence-Kimball Commercial Bldg. $12,500 loan (D) $50,000 grant (D) $37,500 grant (D) $50,000 grant (D)	RE	$	Speculative
Pyramidwest Development Corp.:			
P1: Lawndale Terrace (Hsg.) $200,000 guarantee	RE	$	Assured
P2: Lawndale Towers Office Bldg. $250,000 loan	RE	$	Assured
Voice of the People in Uptown (VOP):			
P1: Magnolia St. Bldg. (Hsg.) $85,000 loan	RE	$	Assured
P2: Hazel Winthrop Bldg. (Hsg.) $120,000 loan(*)	RE	$	Assured

Cleveland CBOs & Projects:	Type	Expected Returns to CBO	Demand
Buckeye Evaluation & Technical Institute (BETI):			
P1: Housing Rehab $250,000 loan	RE	$	Assured
Cleveland Housing Network (CHN):			
P1: Hsg. Rehab. Loan Pool $200,000 loan	RE	$	Assured
Detroit-Shoreway Community Development Organization:			
P1: Gordon Arcade Marketing $30,500 grant	RE	$	Speculative
P2: Gordon Arcade Rehab $250,000 loan(*)	RE	$	Speculative
Famicos Foundation:			
M1: Management Systems $44,000 grant			
P1: Lexington Village $400,000 loan	RE	$	Speculative
P2: Food Bank $50,000 loan(*)	Non RE	Non $	--
Union-Miles Development Corp.:			
P1: Legal test/developing legislation/abandoned houses $10,000 grant $21,000 grant $20,000 recov. grant (reduced from $40,000) $14,400 grant $8,500 grant	Non RE	Non $	--
P2: Construction & 2nd Mortg. Loans $25,000 loan (reduced from $50,000)	RE	$	Assured
P3: Rehab of Vacant Houses $75,000 line of credit	RE	$	Assured
P4: Cermak Bldg. $38,000 loan(*)	RE	$	Speculative

Indianapolis CBOs & Projects:	Type	Expected Returns to CBO	Demand
Business Opportunity Systems (BOS):			
P1: Revolving Loan Fund $20,000 grant (D)	Non RE	$	Speculative
Eastside Community Investments (ECI):			
P1: Small Business Investment Co. (SBIC) $10,000 grant (D) $250,000 recov. grant	Non RE	$	Speculative
Fountain Square & Fletcher Placement Investment Corp. (FSFPIC):			
P1: Briggs Flat $19,470 recov. grant (D) $49,980 recov. grant (D)	RE	$	Speculative
Metropolitan Area Community Organization (MACO):			
P1: Devington Shopping Center $150,000 loan	RE	$	Speculative
P2: Flower Shop $36,387 loan $15,000 guarantee(*)	RE	$	Assured
P3: Bank/Drug Store $8,710 grant (D) $25,000 recov. grant	RE	$	Speculative

Philadelphia CBOs & Projects	Type	Expected Returns to CBO	Demand
Community Energy Development Corp. (CEDC):			
P1: Energy Conserv. Service $25,000 grant	Non RE	$	Speculative
P2: Shared Energy Savings Plan $45,000 deposit $5,000 grant	Non RE	$	Speculative
National Temple Non-Profit Corp. (NTNP):			
P1: Omega Press $30,000 recov. grant	Non RE	$	Speculative
P2: Recycling Center $10,000 grant (D)	Non RE	$	Speculative
P3: Oxridge Market $102,000 loan	RE	$	Speculative
PACE of Philadelphia, Inc.:			
P1: O&O Markets $10,000 recov. grant	Non RE	$	Speculative
P2: Other Markets $25,000 grant	Non RE	$	Speculative
P3: Reopening A&P $100,000 loan (*)	Non RE	$	Speculative
Southwest Germantown Community Development Corp. (SGCDC):			
P1: Housing Rehab $30,000 loan (reduced from $150,000)	RE	$	Speculative
M1: Econ. Dev. $1,000 grant (D)	—	—	—
P2: Industrial Park $10,000 grant (D) $120,000 loan	RE	$	Speculative
Youth Development Corp. (YDC):			
P1: Phil. Glass Block Co. $75,100 grant	RE	$	Speculative

South Bronx CBOs & Projects:	Type	Expected Returns to CBO	Demand
Banana Kelly Community Improvement Corp.:			
P1: Beck St. Rehab I $43,200 grant $41,491 recov. grant $50,000 grant $47,150 loan(*)	RE	$	Assured
P2: Construction Management Division & Related Services $16,500 recov. grant $14,500 grant	Non RE	$	Speculative
P3: Beck St. Rehab II $50,000 line of credit $138,000 Stand by mortgage commitment	RE	$	Assured
P4: Beck St. Rehab III & Rehab of Center for Homeless $50,000 line of credit	RE	$	Assured
Bronx Frontier Development Corp.:			
M1: Financial Management System $5,200 grant	--	--	--
P1: Parks Construction Co. $37,500 loan $28,100 grant	Non RE	$	Speculative
P2: Zoo Doo $20,000 grant $5,000 grant	Non RE	$	Speculative
Bronx United in Leveraging Dollars Inc. (BUILD):			
P1: Rehab of 4 Apt. Bldgs. $127,500 loan $15,500 grant $15,000 recov. grant $35,000 loan guarantee	RE	$	Assured
P2: Construction Mgmt. Co. $175,000 line of credit	Non RE	$	Speculative

South Bronx, cont.	Type	Expected Returns to CBO	Demand
Mid-Bronx Desperadoes Community Housing Corp. (MBD):			
P1: Last Hope Bldg. $24,867 grant	RE	Non $	--
P2: Charlotte Gardens $26,000 grant	Non RE	$	Assured
P3: Crime Prevention Project $42,000 grant	Non RE	Non $	--
P4: Rehab of Crotona Park East $10,000 recov. grant $165,000 loan $15,000 grant	RE	$	Assured
M1: Staff & consultant $37,400 grant	--	--	--
Northwest Bronx Community & Clergy Coalition (NWBCCC):			
P1: Arson Prevention $60,000 grant $75,000 grant	Non RE	Non $	--
P2: Establish Hsg. Rehab. Organization $18,000 recov. grant $5,000 grant	Non RE	$	Speculative
P3: Shopping Center Feasibility Study (D) $11,000 recov. grant	RE	$	Speculative
South Bronx 2000 Local Development Corp. (Bronx 2000):			
P1: GLIE Farms $65,000 grant (see also P2) $30,000 loan $20,000 guarantee	Non RE	$	Speculative
P2: R2B2 Recycling Co. $65,000 grant (see also P1) $15,000 recov. grant $50,000 recov. grant $35,000 recov. grant	Non RE	$	Speculative
P3: Technical Services Div. $50,000 loan $40,000 guarantee $35,000 recoverable grant	Non RE	$	Speculative